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offers a comprehensive report on

ENRICHMENT SERVICES

□

A WORLD MARKET STUDY
AND PRICE FORECAST
1984 to 1997

During the past two years the enrichment services market has undergone unprecedented changes as secondary markets have developed for DOE and non-DOE SWUs. When Europeans began selling aggressively in the United States market, enormous discounts appeared and DOE began to lose its share of the market. DOE responded with two Interim Sales Contracts in mid-1983 and finally with the new Utility Services Enrichment Contract in early 1984. European sellers have responded to DOE competitively.

Utility fuel managers who previously had little choice other than DOE now encounter a wide variety of options. Their choices will have a major impact on fuel costs. Potential savings can exceed tens of millions of dollars.

Nuexco has just completed an exhaustive study of the enrichment market. It is designed for the use of utility nuclear fuel managers in understanding international forces and price trends in the enrichment market. Nuexco's enrichment market study can help fuel managers fulfill their expanded responsibilities in the evaluation of rewards and risks associated with alternative SWU procurement decisions.

The report analyzes and discusses the principal factors affecting enrichment

- Consumption
- Commitments
- Unfilled Requirements
- Production Capacity
- Production Costs
- Primary Supply
- Secondary Supply
- Inventories

These results are then synthesized into four SWU price forecasts: Two for the primary suppliers (price leaders and followers) and two for the secondary markets (DOE and non-DOE).

The offer includes the current comprehensive report plus one day of consultation at the client's offices to discuss report results and applications.

To order the report or for further information, please contact:

Dick Andersen
Vice President
Nuexco
3000 Sand Hill Road
Menlo Park, CA 94025
Telephone: 415-854-1510
Telex: 470674/Nuexco UI

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EXECUTIVE SUMMARY
REPORT 190
(All data as of May 31, 1984)

Exchange Value
$17.75, unchanged

The **Exchange Value** is **$17.75** per pound U_3O_8, unchanged since last month. Nine recent transactions are listed in this Report, all involving deliveries prior to 1986.

Supply-Demand Ratio
unchanged at 2.2:1

Active spot and near-term **uranium supply** amounts to **5.2 million** pounds U_3O_8 equivalent, down 2.2 million pounds from last month. Active spot and near-term **uranium demand** totals **2.4 million** pounds, down 1.0 million pounds. The spot and near-term **supply-demand ratio** remained at **2.2:1.**

Transaction Value
fell $0.90, to $17.00

The **Transaction Value** is **$17.00** per pound U_3O_8, down $0.90 since last month. It includes 17 transactions involving a total of 3.8 million pounds U_3O_8 and equivalent UF_6 and covers a period of 3 months.

Loan Use Charge Rate
unchanged at 6%

The **Loan Use Charge Rate** remains **6 percent** per annum.

Conversion Value
unchanged at $0.80

The **Conversion Value** is **$0.80** per pound U as UF_6, unchanged since last month. One secondary market conversion transaction is reported, involving approximately 650 thousand pounds U as UF_6. Active secondary market supply of conversion services for delivery within three years totals 2.9 million pounds U as UF_6; no active demand is reported.

SWU Values
$105 for DOE-origin (FY85)
$80 for non-DOE origin
(delivery within 15 months)

The **SWU Values** are **$105** per SWU of DOE origin and FY85 delivery, unchanged since last month, and **$80** per SWU of non-DOE origin, also unchanged. Five SWU transactions are reported, involving a total of approximately 750 thousand SWUs. Active secondary market SWU supply amounts to 1.2 million SWUs, while active demand totals 1.0 million SWUs.

Australia

The ASTEC inquiry commissioned by the Labor government has been completed. Its results support recent statements by senior officials advocating greater participation by Australia in the nuclear fuel market.

Canada

Key Lake produced nearly 900,000 pounds U_3O_8 in April, and should produce near capacity during the second half of this year. Ontario Hydro has begun preparatory work to replace pressure tubes in Pickering units 1 and 2.

People's Republic of China

Recent agreements between the PRC and Western governments provide the basis for trade in nuclear-related goods and services. The extent to which trade actually develops depends on a number of forthcoming policy decisions by the Chinese government.

United States

The longstanding dispute between United Nuclear Corporation and General Atomic Company over uranium contracts was settled. However, UNC may face further litigation for unilaterally abrogating a large uranium contract earlier this year.

Focus

Finland's nuclear power program has been quite successful. The utilities involved have used a combination of Soviet and Western supplies for their plants.

Amplification

An article on the nuclear power and uranium industries in France that appeared in the March Report is updated and revised this month.

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NUEXCO REPORT 190 FIGURES OF THE MONTH (May 31, 1984)	This Month (Report 190)	Last Month (Report 189)	12 Months Ago (Report 178)
Exchange Value[1]	17.75	17.75	23.50
Transaction Value[1]	17.00	17.90	22.35
Conversion Value[2]	0.80	0.80	1.20
Loan Use Charge Rate[3]	6%	6%	6%
Near-Term Uranium Supply[4]	5.2	7.4	5.9
Near-Term Uranium Demand[5]	2.4	3.4	3.1
Near-Term Supply-Demand Ratio	2.2	2.2	1.9
Recent Uranium Sales:			
Number of Transactions[6]	9	0*	8
Quantity of Material[7]	3.5	—	0.4-1.2
Nuexco SWU Values:[8]			
DOE origin, FY85 delivery	105	105	—
non-DOE origin, delivery within 15 months	80	80	—
USDOE SWU Prices:			
USEC	135.00	135.00	—
AFC	153.00[9]	153.00[9]	138.65
Requirements	157.00[9]	157.00[9]	149.85
Market Value of Enriched UF_6[10, 11]:			
2.5 w/o U^{235}	555.72	555.72	619.44
3.0 w/o U^{235}	715.89	715.89	792.80
3.5 w/o U^{235}	879.36	879.36	969.24
4.0 w/o U^{235}	1,045.09	1,045.09	1,147.96

*Three transactions from late 1983 were reported.

[1]US $ per pound U_3O_8 equivalent.

[2]US $ per pound U as UF_6.

[3]Per annum.

[4]Active inquiries to sell, for delivery within 12 months after contract signing (millions of pounds U_3O_8).

[5]Active inquiries to purchase, for delivery within 12 months after contract signing (millions of pounds U_3O_8).

[6]Uranium sales only; does not include loans, conversion, or SWU transactions.

[7]Millions of pounds U_3O_8 equivalent.

[8]US $ per SWU.

[9]Effective 10/1/84.

[10]Calculated using the Nuexco Exchange Value, Conversion Value, and 0.20 percent tails assay. From 2/28/83 through 9/30/83, calculations used the Nuexco SWU Value for the relevant fiscal year. From 10/31/83 through 2/29/84, calculations used the Nuexco SWU Value for DOE origin and FY84 delivery. As of 3/31/84, calculations use the Nuexco SWU Value for DOE origin and FY85 delivery.

[11]US $ per KgU as UF_6.

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